

**Steering Committee
of the Imperial Valley Study Group
Minutes of July 20, 2005 Meeting**

In attendance: Jonathan Woldemariam, Linda Brown, SDG&E; Mohan Kondragunta (for Dana Cabbell), SCE; Vince Signorotti, CalEnergy; Jesse Ante, CPUC; Dave Olsen, CEERT/CEC. The meeting convened at 2:00 PM and adjourned at 3:35 PM. Minutes were recorded by Dave Olsen.

Minutes of the June 29, 2005 Steering Committee meeting were approved.

ISO Participation: Jeff Miller's resignation has left the Steering Committee without a representative of the CAISO. Olsen will ask Armie Perez to appoint a replacement as soon as possible.

Expansion of the Steering Committee: LADWP, and Ormat, a geothermal/energy development company with operating projects and expansion interests in the Imperial Valley, have expressed interest in joining the IVSG Steering Committee. Both organizations have sent representatives to the IVSG plenary meetings, and LADWP is participating on the IVSG Permitting Work Group. The Steering Committee believes the active participation of both organizations can help improve the IVSG's development recommendation; it directed Olsen to encourage both to expand their involvement in all IVSG working groups. But only two months remain until the IVSG is scheduled to submit its report on September 30. In light of this brief remaining term, the Steering Committee decided not to expand its membership. The committee did, however, direct that the IVSG report include the input of both LADWP and Ormat in its recommendations of further studies needed to support the development and export of renewable resources from the Imperial Valley.

Phased Development: IID's presentation at the last IVSG meeting left some confusion about the size of the phases to be evaluated. Based on information provided by CalEnergy, the IVSG Technical Work Group earlier concluded that a reasonable first development phase (capable of being on-line by end-2010) was 645 MW, comprised of three new geothermal plants being added at the Salton Sea. At its last meeting, the Steering Committee decided that the TWG should also study the addition of 1,000 MW of new Imperial Valley generation for Phases 1 and 2; this could include 600 MW of geothermal and 400 MW of solar generation. Studying the larger amount of added generation will help the IVSG determine which of the routing alternatives (Path 42, for Phase 1a, or Highline-El Centro-IV for Phase 1b) performs better and is more cost-effective.

The Technical Work Group is well underway with these power flow studies of Phase 1a/1b. With the results of those studies, and information from the production simulations of the alternatives being performed by the ISO, the IVSG will then have a stronger basis for determining the optimal number of phases to support development and export of 2,200 MW of renewable generation from the Imperial Valley, and the size of each increment of new transmission to be developed.

Triggers of Development Phases: The Steering Committee discussed how each successive development phase should be triggered. CalEnergy proposed that transmission construction for each phase be triggered by the close of financing for the first geothermal plant in each phase. In this approach, for example, financial close of Salton Sea Unit 7 (215 MW) would trigger construction of the 600 MW Phase 1 transmission upgrades. CalEnergy observed that neither PPA execution nor the issue of a CEC generation permit should trigger transmission construction, because there can be substantial delays between those events and financial close, which could lead the transmission upgrades to be completed before the generation was constructed. The Steering Committee did not resolve the issue of whether transmission construction should be triggered by the financial close of the first generating unit in any phase, or should wait for some further generation development milestone (such as, e.g., a CEC generation permit for the second major generating unit in a phase).

The IVSG must also propose milestone events that could be used to trigger ROW acquisition, CPCN applications by the IOUs, CPUC approval of CPCNs, the initiation of permitting activities by the publicly owned utilities, and their commitment to proceed with transmission construction. The Steering Committee agreed to map out a schedule of development milestones for each phase. Olsen will send the Tehachapi development schedule for use as a possible model.

Network Facilities and Gen-Ties: The IVSG must recommend how costs for each component of the development should be allocated and recovered. For the SDG&E 500 kV project and SCE upgrades west of Devers (if needed), this is governed by the ISO tariff and FERC Order 888 and may be relatively straightforward. Path 42 is shared between IID and SCE; upgrades to that path to provide new Imperial Valley generation access to markets on the ISO grid may be a less straightforward case. New facilities, such as IID's proposed Banister-San Felipe line, could be interpreted to be network upgrades or gen-ties; IID should explore this issue.

Next Meetings: we confirmed the following dates/times:

August 9, in person, at Sempra, immediately after the STEP meeting that day (start time approximately 2:00-3:00 PM). Please reserve at least two hours for this meeting.

August 24, 10:30-4:00 PM, in-person meeting, at Sempra HQ auditorium #1.

IVSG—Full Study Group (~50 people)

- **August 10**, 1:00-4:00 PM, auditoriums 2-3 at Sempra, 101 Ash St.
- **September 15**, 1:00-4:00 PM, San Diego location to be confirmed.